3 Top Canadian Stocks to Buy in a Volatile Market

Description

The Canadian equity markets were volatile last week, with the **S&P/TSX Composite Index** falling 0.9% amid fears of the Federal Bank rolling back its expansive monetary policies sooner than earlier expected. Also, the rising inflation and a slowdown in the recovery rate are a cause for concern. So, in this volatile environment, investors can strengthen their portfolios by buying the following three Canadian stocks.

Waste Connections

Waste Connections (TSX:WCN)(NYSE:WCN) could be an excellent buy in this volatile environment, given the essential nature of its business. The company provides collection, transfer, and disposal of non-hazardous waste in secondary or exclusive markets. So far this year, the company's stock price has increased by over 28%, comfortably outperforming the broader market.

Meanwhile, the uptrend could continue. The improvement in economic activities and higher exploration and production activities amid rising oil demand could boost its financials in the coming quarters. Along with organic growth, the company also focuses on strategic acquisitions to drive its growth. The company has made 16 acquisitions so far this year.

Given its healthy financial position, the company could continue with its future acquisitions. Meanwhile, the company has also rewarded its shareholders by raising its dividends by over 10% for the last 10 consecutive years. Its forward dividend yield currently stands at 0.62%.

Telus

Telecommunication companies generate steady cash flows, thanks to their large and growingcustomer base and a higher percentage of revenue coming from recurring sources. So, I have selected **TELUS** (TSX:T)(NYSE:TU) as my second pick. It is investing aggressively to expand its 5G andbroadband services. As of June 30, the company's 5G service covered 13.4 million Canadian citizens,representing 36% of the country's population.

Meanwhile, Telus expects to expand its 5G service to 70% of the Canadian population by the end of this year. It recently acquired licenses in British Columbia, Alberta, Manitoba, Ontario, and Quebec by investing $1.95 billion. Further, it focuses on innovative products, superior connected experiences, and premium bundled offerings to drive its customer base. Also, its high-growth verticles, such as TELUS International, TELUS Health, and TELUS Agriculture, could boost its financials in the coming years.

Besides, Telus has been rewarding its shareholders by consistently raising its dividends for 11 consecutive years. Currently, it pays a quarterly dividend of $0.3162, with its forward yield standing at 4.32%.

Fortis

My final pick would be **Fortis** (TSX:FTS)(NYSE:FTS), which operates 10 regulated utility businesses serving around 3.4 million customers. Thanks to its highly regulated business, the company has delivered an impressive average total shareholders' return of 14% per annum for the last 20 years. Also, the strong cash flows have allowed the company to raise its dividends consistently for 47 consecutive years. Currently, its forward yield stands at a healthy 3.48%.

Meanwhile, the uptrend could continue, given Fortis's continued investment in expanding its rate base. Its 2021-2015 capital expenditure plan of $19.6 billion could increase its rate base by around $9.8 billion to $40.3 billion at a compound annual growth rate (CAGR) of 6%. Along with these investments, the favourable rate revisions and high-quality earnings from its regulated assets could drive its financials in the coming quarters.

So, amid the optimism over its future cash flows, Fortis's management expects to increase its dividends at a CAGR of 6%.

CATEGORY

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3. NYSE:WCN (Waste Connections)
4. TSX:FTS (Fortis Inc.)
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